



MONTANA
BOARD OF INVESTMENTS
I N T E R C A P

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WASACT Workshop 2022

Loans

- Since 1987, INTERCAP has been a valuable, low interest loan resource for up to 550 Montana governments.
 - Water, Sewer and Solid Waste Districts
 - Counties
 - Cities and Towns
 - Rural and Special Improvement Districts
 - Street Maintenance Districts
 - State Agencies and Universities
 - School and Fire Districts
 - Tribes
 - Other Governmental Entities

We finance

- Preliminary engineering and grant writing work
- Interim financing for construction
- Water, wastewater and solid waste revenue bonds for construction or equipment
- New and used vehicles
- New and used equipment
- Energy retrofit projects
- Real property purchases and improvements

What's changed?

- Legal, Policy & Governance
- Bonds that fund INTERCAP
- INTERCAP Application
- Loan Approval Process
- INTERCAP Loan Servicing
- Eligible Borrowers
- Private Activity Loans
- Variable Rate
- Vehicle/Equipment Liens



Changed?	
Yes	No
	✓
✓	
✓	
	✓
✓	
✓	
	✓
✓	

Program Basics

- Low-interest loan program
- Variable interest rate
 - New rates are effective every February 16
 - Average rate over the last 15 years: 2.15%
 - Current rate: 1.55% (0.05% discount for autopay)
- Loan term is either
 - Statutory limit,
 - Fifteen years, OR
 - Useful life of project, whichever is less

Old vs. New

Bond and Loan Rate still reset every February.

		<u>Overall</u>	<u>Outstanding</u>	<u>Rate</u>
	Bonds	\$168,000,000	\$ 90,600,000¹	1.00% est.²
	Loans	\$644,253,156	\$ 69,022,452	2.50%
	Bond	\$120,000,000	\$ 68,706,869	0.632%
	Loans	\$644,253,156	\$ 69,022,452	1.55%³

¹Previous tax-exempt bonds publicly remarketed redeemed in whole 3/1/22.
²Rate assumption based on averaging past remarketing strategies and outcomes.
³Borrowers authorizing autopay will receive a 0.05% discount.

Loan Repayments still due every February and August 15.

Bond used to fund the INTERCAP loans interest is now paid to the Short-Term Investment Pool (STIP).

Short-Term Investment Pool (STIP)

- Created by the Legislature in 1973 as an investment vehicle to manage state and local government cash. A safe, convenient option to invest and withdraw cash with 24-hour notice.
- A STIP reserve account is maintained that may be used to offset realized gains or losses. Additionally, the reserve will be available to limit fluctuations in the net asset value (NAV), to the extent deemed prudent by staff.
- More detail: www.investmentmt.com

Straightforward Application

- No match required
- No upfront fees
- No prepayment penalty
- No application deadline
- Reviewed on first come-first served basis
- Typically takes 4-8 weeks from application to funding
- Staff approves loans up to \$1 million
- Available online www.investmentmt.com/INTERCAP

Loans – Implemented Changes

- INTERCAP Application
 - Now available as a short fillable form the Borrower can submit securely online.
- INTERCAP Loan Servicing
 - MBOI now directly manages all phases of the loan servicing previously contracted by indenture of trust to a private bank.
 - **Autopay is required for new loans.** As an incentive for existing loans currently repaid by check or wire, borrowers will be offered a **0.05% loan rate reduction to switch to autopay.**
- Private Activity Loans
 - 5% of total bonds outstanding limitation is N/A.
- Vehicle/Equipment Liens
 - Filing vehicle title and Uniform Commercial Code (UCC) liens is N/A.



INTERCAP

Since 1987, INTERCAP has been a valuable, low interest loan resource for eligible Montana government units as defined under 17-5-1604, MCA. The INTERCAP program is a variable rate loan program, where interest rates are adjusted on February 16th of each year. Eligible projects have wide flexibility, e.g. new and used equipment and vehicles, real property improvements, cash flow, preliminary engineering costs, and grant writing.

INTERCAP CURRENT BORROWER NOTICE - DECEMBER 3, 2021

INTERCAP Interest Rate 1.55%* - February 16, 2022 through February 15, 2023
***Borrowers authorizing autopay will receive a 0.05% discount.**

Application

File Upload

Payment Calculator

Rate History

ACH Form

After Loan Approved

- INTERCAP disburses funds based on submitted invoices
- Repayments due every February 15 and August 15
- Borrower receives updated payment schedules every March with new rate showing interest due for upcoming August and February payments



Questions?

www.investmentmt.gov

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